GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3615
ANSWERED ON:12.12.2000
PSUS RUNNING INTO LOSSES
SULTAN SALAHUDDIN OWAISI

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that almost all the PSUs under the Ministry are running into continuous losses;

(b) if so, the details of the losses incurred by each Public Sector Undertaking during the last three years and till October, 2000;

(c) the reasons therefor;

(d) the number of PSUs referred to BIFR for disinvestment and rehabilitation package;

(e) the number of PSUs which have shown improvement after getting the rehabilitation package; and

(f) the present status of profit or loss and equity that Government own in these Public Sector Undertakings?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI SATYA BRATA MOOKHERJEE)

(a) to (e) The information is given in the Annexure.

ANNEXURE DETAILS OF INFORMATION REFERRED TO IN REPLY TO PARTS (a) to (f) OF UNSTARRED QUESTION NO.3615 TO BE ANSWERED ON 12.12.2000 IN THE LOK SABHA

DEPARTMENT OF CHEMICALS AND PETROCHEMICALS

(a), (b), (c) & (f) The details of the Public Sector Undertakings (PSUs) under the administrative control of the Department of Chemicals & Petrochemicals incurring continuous losses during the last three years and upto September' 2000 during 2000-01 are given below:

NAME OF THE PSU	Profit(+)/loss(-) (-)1997-98	Profit(+)/loss(-) 1998-99	Profit(+)/loss(-) 1999-2000	Profit(+)/ loss (-) 2000-01 upto Sept'00 (prov.)	Govt. held equity(%)	MAIN REASONS FOR LOSSES
Hindustan Organic Chemicals Ltd (HOCL)	-5.09	-23.05	-105.02	-21.84	58.61%	Interest burden, depreciation, increase in input cost and falling prices of end products. There has also been a squeeze on margins and consequently, on profits.
Hindustan Insecticides Ltd. (HIL)	-1.97 (un-audited)	-5.58	-14.08	-8.85	100%	Idle expenditure incurred at the Delhi Unit which stopped operations w.e.f 30.11.96 as per orders of Hon'ble Supreme Court, increased competition, consequent decline in the selling price of agro-pesticides, etc.
Indian Drugs and Pharmaceutical Ltd. (IDPL)	-157.39	-187.00	-209.29	-117.71	100%	Severe competition from private sector, large employees related costs, inability of the Government to extend budgetary support and a heavy burden of various social overheads.
Hindustan Antibiotics Ltd. (HAL)	-23.5	-12.92	-7.47	-2.63	100%	Severe competition from private

sector, large employees related
costs, inability of the Government
to extend budgetary support and a
heavy burden of various social overheads

Bengal Chemicals &
Pharamceutical Ltd.

(BCPL) -3.37 -0.65 -3.87 0.61 100% Severe competition from private
sector, large employees related
costs, inability of the Government
to extend budgetary support and a
heavy burden of various social overheads.
BCPL has shown some improvement

Smith Stanistreet
Pharmaceuticals Ltd.

(SSPL) -5.07 -6.09 -6.68 -2.97 100% Severe competition from private
sector, large employees related
costs, inability of the Government
to extend budgetary support and a
heavy burden of various social overheads.

Bengal Immunity Ltd

(BIL) -8.81 -9.77 -14.18 -7.13 100% Severe competition from private
sector, large employees related
costs, inability of the Government
to extend budgetary support and a
heavy burden of various social overheads.

(d) & (e) The names of the PSUs referred to BIFR and recommended for disinvestment by the Disinvestment Commission are given below:

Referred to BIFR	Recommended for Disinvestment
Indian Drugs and Pharmaceutical Ltd. (IDPL)	Hindustan Organic Chemicals Ltd (HOCL)
Hindustan Antibiotics Ltd. (HAL)	Hindustan Insecticides Ltd. (HIL)
Bengal Chemicals & Pharamceutical Ltd. (BCPL)	
Smith Stanistreet Pharmaceuticals Ltd. (SSPL)	
Bengal Immunity Ltd (BIL)	

Out of the above five PSUs in the pharma sector, the rehabilitation package has been sanctioned only for BIL, SSPL & BCPL While the packages sanctioned for BIL and SSPL have been declared failed by the BIFR, BCPL is showing improvement.

DEPARTMENT OF FERTILIZERS

(a), (b), (c) & (f) The details of the Public Sector Undertakings (PSUs) under the administrative control of the Department of Fertilizers incurring continuous losses during the last three years and upto October' 2000 during 2000-01 are given below:

NAME OF THE PSU | Accumulated loss as on 31.3.2000 (Rs/crore) | Profit(+)/loss (-)1997-98 | Profit(+)/loss 1998-99 | Profit(+)/loss(-) 1999-2000 | Profit(+)/ loss (-) 2000-01 upto Oct'00 (prov.) | Govt. held equity(%) | MAIN REASONS FOR LOSSES

Fertilizer Corporation
of India Ltd.(FCI) 5904.11 (-)735.69 (-)838.29 (-)854.99 (-)569.69 100% Technological, design
and equipment deficiencies,
frequent equipment breakdowns,
increase in the cost of liquid
petroleum products, power shortages,
industrial relations problems, and

							surplus manpower and resource constraints.
Hindustan Fertilizer Corporation Ltd.	(HFC)	4192.07	(-)647.83	(-)514.49	(-)564.23	(-)373.34	100% Technological, design and equipment deficiencies, frequent equipment breakdowns, increase in the cost of liquid petroleum products, power shortages, industrial relations problems, and surplus manpower and resource constraints.
Pyrites, Phosphates & Chemicals Ltd.	(PPCL)	245.50	(-)53.40	(-)87.49	(-)70.18	(-) 14.76	100% Delays in disbursement of concession, withdrawal of the imports substitution incentives, intrinsic cost disadvantage of pyrites based sulphuric acid production, increase in operating costs of pyrites mining at Amjhore, rising costs of deep underground mining at Mussoorie and increased transportation costs.
Projects & Developments India Ltd.	(PDIL)	98.26	(+) 6.09	(-)15.85	(-)19.88	(-) 16.17	100% Low level of orders for catalyst and lack of job orders as the new projects envisaged at the time of formulation of the revival package got delayed.
Paradeep Phosphates Ltd.	(PPL)	420	(-)105.53	(-)57.95	(-)110.00	(Prov.) (-)49.81	100% Depreciation of rupee leading to higher cost of inputs, heavy interest burden, inadequate working capital due to continuous cash losses, delay in disbursement of concession, low capacity utilisation of 0acid plants leading to higher imports of phosphoric acid, and inventory carrying cost on heavy build up of stocks.

(d) & (e) The names of the PSUs referred to BIFR and recommended for disinvestment by theDisinvestment Commission are given below:

Referred to BIFR	Recommended for Disinvestment
Hindustan Fertilizer Corporation Ltd.	Madras Fertilizers Ltd.
Fertilizer Corporation of India Ltd.	National Fertilizers Ltd.
Projects & Development India Ltd.	Fertilizers & Chemicals Travancore Ltd.
Pyrites, Phosphates and Chemicals Ltd.	Rashtriya Chemicals & Fertilizers Ltd.
	Paradeep Phosphates Ltd.
	Pyrites, Phosphates and Chemicals Ltd.

Of the above four PSUs declared sick by BIFRa rehabilitation scheme for PDIL, whichinter- alia included capital restructuring, reduction of surplus manpower, etc was sanctioned by BIFR in July' 1997 and was made effective from April' 1996.The company performed reasonably well during 1996-97 and 1997-98. However, projections forming the basis of BIFR's sanctioned scheme could not be achieved. The company's networth could not become positive in the year 1997-98 as envisaged in the scheme. The BIFR in its hearing held in November' 1999 has directed the company and the Government to submit a revised rehabilitation scheme for PDIL.